VZCZCXRO8070 PP RUEHAG RUEHBI RUEHCI RUEHDBU RUEHLH RUEHNEH RUEHPW RUEHROV RUEHSL DE RUEHAH #1331/01 2960948 ZNY CCCCC ZZH P 230948Z OCT 09 FM AMEMBASSY ASHGABAT TO RUEHC/SECSTATE WASHDC PRIORITY 3641 INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE RUCNCIS/CIS COLLECTIVE RUCNMEM/EU MEMBER STATES COLLECTIVE RUEHAK/AMEMBASSY ANKARA 5800 RUEHBJ/AMEMBASSY BEIJING 3508 RUEHKO/AMEMBASSY TOKYO 3372 RUEHIT/AMCONSUL ISTANBUL 4042 RUCPDOC/DEPT OF COMMERCE WASHDC RHEHNSC/NSC WASHDC RHMCSUU/CDR USCENTCOM MACDILL AFB FL RUEAIIA/CIA WASHDC RHEFDIA/DIA WASHDC RUEKJCS/JOINT STAFF WASHDC RUEKJCS/SECDEF WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001331

SIPDIS

STATE FOR SCA/CEN; COMMERCE FOR EHOUSE

E.O. 12958: DECL: 10/23/2019 TAGS: <u>EINV EPET PGOV SENV TX</u>

RUEHVEN/USMISSION USOSCE 4013

SUBJECT: TURKMENISTAN: PICKLED SEWAGE POSES PROBLEMS FOR

AVAZA TOURIST SITE

REF: A. ASHGABAT 0769

18. ASHGABAT 0154

Classified By: Charge d'Affaires Sylvia Reed Curran. Reasons 1.4 (B) a nd (D).

- 11. (C) SUMMARY: Turkmenistan has numerous polluted bodies of water that the President has ordered cleaned, but an American businessman's experience shows that the process of getting clean-up projects approved is arduous. One potential clean-up site, Lake Simonova, is near the Avaza tourist site and involves a mix of sewage, oil, and salt. The American businessman's experience shows that patience, finding ways to work around the climate of fear, and creatively helping the Turkmen officials benefit from projects are the keys to doing business in Turkmenistan. END SUMMARY.
- 12. (C) An AMCIT businessman who works on environmental projects in Turkmenistan told Poloff about a possible new project to clean a lake near the Avaza tourist site (Ref A). Lake Simonova lies between the city of Turkmenbashi and the Avaza tourist site, meaning that most tourists going to Avaza would have to pass the lake, which is currently polluted with sewage, oil, and salt. The result is, in the words of the businessman, a lake full of "pickled sewage."
- 13. (C) The proposal for this clean-up project builds on another of the businessman's projects already underway to clean an oily lake north of Hazar (Ref B). This project foresees a profit for both the company and the Turkmen Government by selling the recovered oil and splitting the revenues. However, the businessman does not expect the proposed project to clean Lake Simonova to net a profit because the sewage and salt, in addition to oil, will make the clean-up process more difficult. There is also less oil to be recovered because another company had started work on the site, extracted the mineral oil that they could sell, and then quit.
- 14. (C) According to the AMCIT, the Turkmen Government does not have the technology to clean the lake themselves, but they have not yet approved the U.S. company's proposal. At the same time, they must do the clean-up because it was

ordered by President Berdimuhamedov. The businessman speculated that there are two obstacles. One is that the Turkmen Government is not ready to commit to buying the equipment for the project because it is expensive and the cost would only just be recovered by the oil sold. The other is that the government officials who need to approve the project have not yet figured out what they personally would gain, and so they are waiting. There are numerous other bodies of water around Turkmenistan that need cleaning, but the government is apparently only putting out tenders for one project at a time.

- 15. (C) The American businessman noted that his experience in Turkmenistan had taught him that it is important to find a way for the Turkmen side to benefit from business deals, whether financially or by increasing their prestige. He added that it is also important to understand that fear is built into the culture, and everyone fears their boss and berates their subordinates. Building trust takes a long time, but introductions can be sped up by finding someone of your interlocutor's tribe to speak for your side. People of the same tribe are considered family, and so the building trust phase can be skipped and work started immediately.
- 16. (C) COMMENT: This AMCIT's experience with getting contracts approved shows that patience is vital to being able to do business in Turkmenistan. The current project took 8 months to finalize, and involved traveling to the region and knocking on officials' doors. The process could be sped up with bribes, which is what Turkmen officials seem to expect from foreign companies, but the AMCIT made it clear that his

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company could not do that. The argument that the project is in the best interest of the country is rarely enough to convince bureaucrats to approve it; they often are looking for benefits closer to home. END COMMENT.